

SUBJECT	Affordable Housing Contributions Update
REPORT OF	Cllr Patrick Hogan
RESPONSIBLE OFFICER	Steve Bambrick – Director of Services / Martin Holt – Head of Healthy Communities
REPORT AUTHOR	Melissa Sparks – Housing Enabling Officer / Martin Holt
WARD/S AFFECTED	All

1. Purpose of Report

To provide Cabinet with an update of the receipt and expenditure of section 106 Affordable Housing Contributions (AHCs), and to identify funds that are available for opportunities to deliver affordable housing, temporary or move-on accommodation.

RECOMMENDATIONS to Cabinet to:

1. **Note the update on receipt and expenditure of Affordable Housing Contributions and the status of the existing schemes.**
2. **Agree to withdraw £358,248 of allocated funding no longer required by existing schemes.**
3. **Agree to allocate £462,636 to temporary or move-on accommodation initiatives subject to final decisions on schemes being delegated to the Head of Healthy Communities in consultation with the Healthy Communities Portfolio Holder.**

2. Reasons for Recommendations

To focus the funding on reducing nightly accommodation costs for homeless households to reduce the 2018/19/20 expenditure on homeless accommodation to be within the £250k budget.

3. Content of Report

3.1. The Core Strategy adopted in 2011 and the Affordable Housing Supplementary Planning Document adopted in 2013, introduced a commuted sum (AHCs) policy allowing developers to make a financial contribution in-lieu of on-site affordable housing in certain circumstances.

3.2. From January 2011 up to and including 4th May 2018, the Affordable Housing Contributions position was as follows:

Affordable Housing Contributions	£
Sum Received (inc interest)	9,229,504
Sum Spent (inc support charges)	4,782,803
Committed funds (not yet spent)	4,342,313
Uncommitted funds	104,388

3.3. In 2011 the Cabinet approved 4 schemes to deliver affordable housing units through the use of AHCs:

3.3.1. Acquisition Programme with L&Q (extended in subsequent years)

- 3.3.2. Your Choice Equity Loans with Catalyst (extended using recycled loans)
- 3.3.3. Downsizing (existing social housing tenants in the district)
- 3.3.4. Incentive to Purchase (**ceased July 2016**)

3.4. The position as at 4th May 2018 for expenditure and delivery for the remaining three schemes since 2011 was as follows:

Scheme	Total Sums Allocated	Expenditure-to-date	Sums available for re-allocation	Delivery since 2011	Committed
Acquisition Programmes 1, 2 & 3	£3,145,000	£2,640,000	£345,000	38 properties 2 further purchases	£160,000
Your Choice Equity Loan Original funding, recycled redeemed loans and profit share	£1,396,885	£1,047,460	£12,540	25 Equity Loans	£336,885
Downsizing – existing tenants	£60,000	£59,292	£708	15 moves (8 x 3 bed & 6 x 2 bed)	
TOTAL			£358,248		

Acquisition Programmes

3.5. The three L&Q acquisition schemes have been allocated a total of £3.145M of AHC funding to enable the purchase of open market properties to be delivered for affordable rent.

3.6. Of the total funding in 3.5 above, £345K is unused balance from the allocation for programme 2 and an additional allocation agreed by Cabinet on 10 February 2014 in recognition of market conditions and the potentially increased costs of purchasing property on the open market.

3.7. However the additional funding was not used for the second programme and as the end of the third programme approaches, it has become apparent that the £345K will not be required. It is therefore available for re-allocation.

Your Choice Equity Loans

3.8. The SBDC and Catalyst equity loan scheme, Your Choice, was allocated £1.06M of AHC funding which enabled 25 equity loans leaving a balance of £12,540.

3.9. In October 2017 the money from 7 loans that had been redeemed and the associated profit share were recycled to continue the scheme. The new agreement is for £336,885 which could provide a minimum of a further six loans of £50K each and cover Catalyst fees of £2K per loan.

- 3.10. The £12,540 in 3.8 is not required and is available for re-allocation.

Cash Incentive to Downsize

- 3.11. The downsizing scheme aimed at existing social housing tenants under-occupying family sized accommodation was allocated £60K of AHC funding.
- 3.12. Fifteen payments have been made leaving a balance of £708 which cannot be used under the revised scheme rules and is therefore available for re-allocation.

Completed New Build Schemes

- 3.13. April 2014 – Conversion subsidy – Hanbury Close, Burnham- £160K
- 3.14. June 2017 – Conversion subsidy – Lansdown Place, Taplow - £235K
- 3.15. Both schemes in 3.13 and 3.14 above were given funding to convert the tenure from shared ownership to affordable rent.

Current projects with committed funding

- 3.16. Former Bath Road Depot Temporary Accommodation Scheme - £2.7M
- 3.17. 801 Bath Road Purchase and conversion - £1.049M

Uncommitted Funds

- 3.18. The table at 3.2 above shows received but uncommitted funds are £104K.
- 3.19. At the time of writing a £350K AHC (13/00997/OUT) is due in October 2018

New Build affordable homes currently on-site

- 3.20. There are two new-build developments on-site which are scheduled to deliver 150 homes, 90 of which are scheduled for completion in December 2018.

Denham Film Studios - 63 flats for affordable rent and 27 for shared ownership

Mill Lane, Taplow - 40 flats for affordable rent and 20 for shared ownership
(the affordable rent flats have a priority to applicants aged 55+)

- 3.21. Neither scheme at 3.20 above is receiving AHC funding.

Available Funding for allocation to future initiatives and opportunities

- 3.22. The total amount of AHCs currently available to be allocated is £462,636 (£104,388 uncommitted plus £358,248 redundant funding from existing schemes).
- 3.23. In order to focus on reducing the nightly accommodation costs for homeless households future initiatives should include exploration of the following:
- Assisting housing associations to acquire properties specifically for temporary accommodation and/or move-on accommodation (eg move-on from Private Sector Leasing) as required.

- Supporting the change of tenure of shared ownership properties to affordable rent but securing an initial period of use as temporary accommodation.
- Any other initiatives or opportunities that will deliver temporary accommodation in the short-term prior to the delivery of new build permanent affordable housing as detailed in 3.19.

Property Purchase Proposal in Partnership with Bucks Housing Association

3.24. There is an opportunity to work with Bucks Housing Association (BHA) to provide funding subsidy to enable the purchase of 1 bed properties in the district for use as Temporary Accommodation in-line with 3.23 above.

3.25. Suitable 1 bed properties with an average purchase price of £250,000 would be acquired by BHA with grant subsidy from SBDC of £120,000 per property. BHA would let the properties for Temporary Accommodation at the lower Social Rent level to SBDC nominees.

3.26. SBDC would have nomination rights in perpetuity and whilst used as Temporary Accommodation would not be subject to the Right to Acquire or Right to Buy to the properties.

3.27. The available amount as detailed in 3.22 could support an initial programme of 3 property purchases totalling £360,000.

3.28. The level of funding is significantly higher per property than the L&Q Acquisition programme which requires £80,000 per 2 bed property however the following needs to be borne in mind:

- L&Q provides match funding from its own surpluses and recycled grant from central government – BHA does not have access to these resources.
- L&Q charges Affordable Rents which are significantly higher than the Social Rent to which BHA is restricted.
- L&Q is not prepared at the current time to let properties as Temporary Accommodation.

3.29. BHA has managed the former police houses at Tatling End as Temporary Accommodation since 2014 and is the only housing association to have made an offer to lease the properties on the Bath Road TA scheme.

3.30. The estimated saving from using 3 properties for temporary accommodation to the B+B budget would be £40,000/annum

4. Consultation

Not Applicable

5. Options

5.1. To allocate all available AHC funding to initiatives that will increase temporary or move-on accommodation as per the recommendations. This is the preferred option as set out in 2,

Reasons for Recommendation.

5.1.1. To delegate the final decision to use £360,000 of the £462,636 available AHCs for the proposal outlined in 3.24 – 3.30 to the Head of Healthy Communities in consultation with the Healthy Communities Portfolio Holder.

5.2. To allocate funding to existing or alternative projects to increase the supply of permanent affordable housing. This is not preferred as there are no current opportunities to which funding could be allocated. There is also significant number of affordable homes currently on-site as detailed in 3.19

7. Corporate Implications

7.1 Financial – The net costs associated with homelessness accommodation as result of the Council's use of nightly B+B was £650k against a budget of £250k. The Affordable Housing Action Plan agreed by Cabinet seeks to use AHCs to increase the options available to accommodate homeless households in accommodation managed by a housing provider in order to reduce the impact on the homelessness accommodation budget.

7.2 Legal – the Affordable housing SDP enables the Council to use AHC funding to support affordable housing provision within the district, which includes the provision of temporary accommodation for homeless households.

8. Links to Council Policy Objectives

8.1 Delivering cost- effective, customer- focused services

8.2 Working towards safe and healthier local communities

9. Next Steps

9.1 The sum of £462,637 will be re-allocated and the Head of Healthy Communities will bring forward accommodation schemes to utilise this funding subject to consultation and agreement with the Healthy Communities Portfolio Holder on a scheme by scheme basis.

9.2 Future initiatives will be explored in accordance with the principles referred to at 3.23.

Background Papers:	None other than referred to in the report.
---------------------------	--